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ATTORNEY FOR THE STATES OF ALABAMA, ARKANSAS,  
DISTRICT OF COLUMBIA, HAWAII, IDAHO, MAINE, NEW YORK,  
NORTH DAKOTA, OKLAHOMA, AND SOUTH CAROLINA AND  
THE CALIFORNIA DFPI

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: : CHAPTER 11  
: :  
: Case No. 22-10964  
CELSIUS NETWORK LLC, *et al.*,<sup>1</sup> :  
: :  
: (Joint Administration Requested)  
Debtors.<sup>2</sup> :  
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**RESPONSE OF COORDINATING STATES TO MOTION FOR THE ENTRY OF AN  
ORDER (I) APPOINTING A CHAPTER ELEVEN MEDIATOR (II) DIRECTING  
MANDATORY MEDIATION AND (III) GRANTING RELATED RELIEF**

On December 7, 2022, a motion was filed by Immanuel Herrmann urging the court to appoint a Chapter 11 mediator and directing mandatory mediation with respect to certain parties (who were not directly specified in the motion). (Docket No. 1630). On December 13, 2022, a statement was filed by Ignat Tuganov at Docket No. 1680, joining and supplementing Mr.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Herrmann's original motion, including a request that several specific states and the undersigned, "on behalf of the National Association of Attorneys General" should be directed to participate in the mediation. Finally, on December 16, 2022 a further motion to join and supplement Mr. Herrmann's motion was filed by Victor Unierna de las Herras. (Docket No. 1722).

The Coordinating States<sup>2</sup> submit the following comments and statement of position with respect to the two motions. Initially, they do support the general value that mediation can bring to complex, multi-party bargaining situations. And, with the number of players in this case and the wide variety of factual circumstances, there may well be a role for a mediator to play at an appropriate time. In their view, though, in light of the recent filings to extend the bidding and auction progress (Docket Nos. 1712 and 1713), detailing the progress being made in obtaining bidders for the debtors' assets under a variety of scenarios and the need for further time to flesh out and clarify those proposals, it is their view that proceeding with mediation at this point would be premature. Moreover, with respect to the pending motions, Mr. Tuganov's filing incorrectly suggests that the undersigned should be directed to appear on behalf of the "National Association of Attorneys General." That organization is her employer but is not a party to this case and would not have any role as such in a mediation. in any event. And, while she does represent the Coordinating States in these matters, they also do not believe it would be appropriate for them to be compelled to participate in mediation in the present circumstances.

That said, the Coordinating States have no objection to discussing the concept with the other parties and perhaps seeking to identify potential candidates for appointment when and if it appears appropriate so there is no delay. This case is clearly consuming enormous amounts of

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<sup>2</sup> Based on a supplemental notice of appearance filed on today's date, the Coordinating States consist of the states of Alabama, Arkansas, District of Columbia, Hawaii, Idaho, Maine, New York, North Dakota, Oklahoma and South Carolina, and the California Department of Financial Protection and Innovation ("DFPI").

cash (as the recent interim filings for professional fees illustrate) so the more quickly it can be resolved, the better. The Coordinating States have had some discussions with the Creditors' Committee counsel and have made clear their interest in determining promptly whether there is a feasible path for this company consistent with its obligations to obey the law on a going forward basis. We expect the results of the bidding process may allow that determination to be made and expect to see the case move forward promptly thereafter.

If and when the issues in the case become better defined, it may be time to consider this motion further. In no event, though, should (or could) any such process infringe on the statutory and regulatory authority of the Coordinating States with respect to any ongoing operations of the Debtors. As such, they respectfully request that Court ensure protection of that authority in any mediation order that may enter at any future point. They further request that the costs of any such mediation should not be imposed on the Coordinating States. They reserve the right to supplement this Response at any hearings held thereon.

Dated: December 16, 2022

Respectfully submitted,

Karen Cordry,

*/s/ Karen Cordry*

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**CERTIFICATE OF SERVICE**

I certify that a true and correct copy of the foregoing has been served via the Court's Electronic Filing System on all parties requesting notice in this proceeding on December 16, 2022.

*/s/ Karen Cordry*  
Karen Cordry,  
Bankruptcy Counsel